

**ANNUAL REPORT
OF THE
BOARD FOR THE COORDINATION OF
CHILD CARE REGULATION**



**Indiana Legislative Services Agency
200 W. Washington Street, Suite 301
Indianapolis, Indiana 46204**

October, 2004

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A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

I. STATUTORY DIRECTIVES

The Indiana General Assembly enacted legislation (IC 12-17.2-3.1) directing the Board to study the laws governing the regulation of child care and make recommendations to the General Assembly concerning changes in the law the Board finds are appropriate. The Board's program of study includes the following topics:

- (1) The need for changes in the scope and degree of child care regulation established by statute or rule, or both.
- (2) The need to reorganize governmental units involved in the regulation of child care facilities to promote effective and efficient child care regulation, including the form that a needed reorganization should take.
- (3) A method for the completion of a statewide needs assessment to determine the availability and projected need for safe and affordable child care.
- (4) The need for programs to meet the needs of Indiana residents if the Board determines that safe and affordable child care facilities are not available and easily accessible to Indiana residents.
- (5) The effect of pending and enacted federal legislation on child care in Indiana and the need for statutory changes to qualify for federal child care grants and to comply with federal child care requirements.
- (6) The immunization rates at licensed child care centers to determine if children at the centers have received age appropriate immunizations.

II. INTRODUCTION AND REASONS FOR STUDY

The Board met to study child care as outlined in IC 12-17.2-3.1-11. The Board originally expired on November 1, 1997. The Board was reestablished by P.L. 211-1999, beginning July 1, 1999 with an expiration date of November 1, 2001. During the 2001 legislative session, the General Assembly enacted P.L. 96-2001, extending the Board's expiration date to November 1, 2004. P.L. 18-2003 extended the Board's expiration date to November 1, 2005.

III. SUMMARY OF WORK PROGRAM

The Board met three times during the 2004 interim.

First Meeting

The first meeting of the Board was held on August 12, 2004. The Board heard testimony on the following topics:

- (1) Child Care Home Licensing Proposed Rules.
- (2) Division of Family and Children (DFC) - report on the status of child care in Indiana.
- (3) DFC actions concerning eligibility criteria for Child Care and Development Fund vouchers (CCDF).

- (4) Updates from the Family and Social Services Administration (FSSA) concerning child care providers and CCDF vouchers - receipt and reimbursement procedures.

Second Meeting

The second meeting of the Board was held on September 23, 2004. The Board heard testimony on the following topics:

- (1) Proposed Home Child Care Rules.
- (2) Preschool Foundations.

Third Meeting

The third meeting of the Board was held on October 21, 2004. The Board heard testimony on the following topics:

- (1) Report from the Commission on Abused and Neglected Children.
- (2) Report on CCDF Quality Activities
- (3) Registered Ministries--Report concerning IRS information
- (4) FSSA Administrative Rules/Policy Statements
- (5) Proposed legislation for the 2005 session of the General Assembly
- (6) Draft final report of the Board.

The final report was approved by the Board by an 11-0 roll call vote.

IV. SUMMARY OF TESTIMONY

The Board heard testimony from representatives of the following groups:

Elkhart County Day Care Association
Infant Day Care, Inc.
Child Care providers
Kids Kove Day Care
FSSA
Indiana Department of Education
Decatur County Child Care Action Team
Early Childhood Alliance
Other interested parties

Child Care Home Licensing Proposed Rules

Ms. Lanier Degrella, FSSA, reported that in June FSSA's Bureau of Child Development (Bureau) held five public hearings throughout the state on the new proposed rules for child care home licenses. She stated that the Bureau is currently reviewing the transcripts from the public hearings and the comments received on the proposed rules and will take them into consideration as the final rules are prepared.

The Board heard testimony concerning: (a) provider frustration with the FSSA Carefinder website; (b) compliance with the proposed home child care rules; (c) the perceived lack of communication and respect between FSSA and licensed providers; (d) improvement needed with the FSSA orientation class for providers; (e) the enforcement of rules not yet promulgated; and (f) the lack of recognition of the differences between residential and nonresidential child care settings and the attempt to apply the same standards to both.

There was Board discussion that included: (1) notice given to providers of new rules, (2) due process for providers who have complaints filed against them, (3) accreditation for child care providers, (4) rule enforcement prior to promulgation; and (5) possible changes to the proposed home child care rules.

Report on the Status of Child Care in Indiana

Information was presented concerning the status of child care in Indiana. The Board discussed: (a) the current number of licensed centers, homes and registered ministries; and (b) the rates of CCDF provider reimbursement.

Child Care and Development Fund (CCDF)

The Board received information that there have been no changes to the CCDF eligibility criteria but there has been a budget cut that has prevented FSSA from serving an increasing number of families who are eligible to receive CCDF vouchers. The Board's discussion included: (a) the budget reduction or "step-down" process; (b) the reduction in TANF transfer funding and decreased carry-forward funding from previous years; (c) TANF/IMPACT families' immediate access to CCDF vouchers for approved job search, work activities and employment training even when there are no slots open in their county; and (d) the number of children receiving CCDF vouchers.

Centralized Reimbursement Office (CCDF Program)

The Board heard testimony concerning the implementation of a Centralized Reimbursement Office (CRO) which uses electronic swipe card technology to track time and attendance of CCDF eligible children.

Preschool Foundations

Information was presented by the Department of Education concerning the development of the Foundations for Young Children which outline academic standards in the content areas of English/Language Arts, math, science, social studies, physical education, health, art, and music.

Commission on Abused and Neglected Children (Commission)

The Commission was created by the 2003 Indiana General Assembly (P.L. 198-2003) and appointed by the Governor, Speaker of the House and President Pro Tempore of the Senate. The Commission was charged with reviewing several areas related to child victims and children at risk of abuse and neglect.

Information was presented by members of the Commission on Abused and Neglected Children concerning the duties of the Commission, which include: (1) reviewing Indiana's public and private family services delivery system for children at risk of abuse or neglect and for children who have been reported as suspected victims of child abuse or neglect, (2) reviewing federal, state and local funds appropriated to meet the service needs of children and their families, (3) reviewing current best practices standards for the provision of child and family services, (4) examining the qualifications and training of service providers, including foster parents, adoptive parents, child caring institution staff, child placing agency staff, case managers, supervisors, and administrators, and making recommendations for a training curriculum and other necessary changes, (5) recommending methods to improve use of available public and private funds to address the service needs, (6) providing information concerning identified unmet needs of children and families and providing recommendations concerning the development of resources to meet the identified needs, (7) suggesting policy, program, and legislative changes related to the family services to enhance the quality of the services and identify potential resources to promote change to enhance services, and (8) preparing a report consisting of the Commission's findings and recommendations, and the presentation of the implementation plan for a continuum of services for children at risk of abuse or neglect and for abused or neglected children and their families.

Commission members discussed some of the thirty-two recommendations contained in the final report presented to the Board.

CCDF Quality Activities

CCDF provides block grant funding to support early care and education . A minimum of four percent of CCDF funds must be used to improve the quality of child care and offer additional services to parents, such as resource and referral counseling regarding the selection of appropriate child care providers to meet their child's needs. Previous funding has included additional funding for specific purposes such as quality expansion, improving the quality of care for infants and toddlers, and improving school-age care and Child Care Resource and Referral Services.

The Board heard testimony on how Indiana is using its CCDF funds to improve the health and safety factors related to available child care, training, grants and loans to providers, improved monitoring, compensation projects, and other innovative programs.

Registered Ministries

The Board heard testimony concerning the number of registered ministries in Indiana and the approximate number of ministries not meeting the IRS 501(c)(3) requirements to qualify as an exempt religious organization for tax purposes. Information was presented by FSSA explaining the current process of acquiring proper documentation from the ministries showing qualification as an exempt entity.

Child Care Ministries (PD 3541)

The Board discussed PD 3541 which allows only churches or religious ministries with a building, clergy member, and congregation to operate a child care ministry.

Administrative Rules and Policy Statements

The Board was presented with information concerning FSSA's authority to set policy in the absence of a promulgated rule. FSSA also discussed changes in the proposed rules for home child care facilities.

SB 178 (2004) Standard for CCDF Provider Eligibility

The Board discussed SB 178 (2004) which would have required licensure for CCDF provider eligibility after June 30, 2007, including compliance with the current minimum standards under IC 12-17.2-3.5.

Child Care Quality (PD 3542)

The Board discussed PD 3542 which requires the Division of Family and Children to adopt rules concerning the evaluation of child care centers, homes, and ministries as prescribed in the Environment Rating Scales developed by FPG Child Development Institute, University of North Carolina at Chapel Hill.

Quality Standards for the National Association for Family Child Care Accreditation

The Board heard testimony concerning how the Quality Standards for the National Association for Family Child Care Accreditation can be used as a model for developing state licensing rules and regulations.

V. COMMITTEE FINDINGS AND RECOMMENDATIONS

The Board adopted each of the following findings and recommendations by an 8-0 vote:

Indiana Commission on Abused and Neglected Children

The Board finds that the recommendations outlined in the Commission's final report dated August 15, 2004, on abused and neglected children are appropriate.

The Board recommends that when sufficient information is available, legislation should be prepared for introduction during the 2005 session of the General Assembly to address the Commission's findings.

CCDF Voucher Program

The Board recognizes that efforts are being made to make the CCDF voucher program efficient and accountable. The Board recommended that FSSA: (1) continue to work diligently to improve the system for timely and accurate payments to providers, and (2) provide to the Legislative Council an analysis of the conduct of the CCDF reimbursement program to determine its effectiveness, including a cost/benefit analysis.

The Board finds that licensure, including compliance with the current minimum standards under IC 12-17.2-3.5, should be the minimum standard for CCDF provider eligibility.

SB 178 (2004) would have required licensure for CCDF provider eligibility after June 30, 2007, including compliance with the current minimum standards under IC 12-17.2-3.5. The Board recommended that SB 178 (2004) be revised for introduction during the 2005 session of the General Assembly.

Child Care Homes

The Board finds that IC 12-17.2-5-6.5 concerning Class II child care homes exit requirements should be amended to allow for either emergency lighting or illuminated exit signs and recommends that when sufficient information is available, legislation should be prepared for introduction during the 2005 session of the General Assembly, to address the Board's finding.

WITNESS LIST

Kathryn Azhar
Regina Bearyman
Annette Biesecker
Monica Boyer
Pat Cole
Dawn Corvin
Lanier Degrella
Jayma Ferguson
Gail Folaran
Debbie Grace
Penny Johnson
Ann Morris
Donna Mosco
Barbara Newton
Kathy Northrup
Michael Patchner
Tom Rayl
Michelle Rhoades
Robin Rich
Mark Snyder
Rick Snyder
Ann Stefaniak
Mark Young
Rachel Yoder